

PUBLIC DISCLOSURE

February 11, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**SHARON CREDIT UNION
CERT # 67836**

**30 POND STREET
SHARON, MA 02067**

**DIVISION OF BANKS
1000 WASHINGTON STREET
BOSTON, MA 02118**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Sharon Credit Union (or the “Credit Union”)**, prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory.”

Based on the Intermediate Small Institution CRA evaluation procedures specified for institutions with assets of at least \$290 million as of December 31 or both of the prior two calendar years, and less than \$1.160 billion as of December 31 of either of the prior two calendar years, adjusted annually, Sharon Credit Union’s overall CRA performance is considered Satisfactory. The rating of this institution is established upon a review of the Lending Test and the Community Development Test, as shown below in the public evaluation. The Credit Union achieved “Satisfactory” performance under each of these tests. A summary of the Credit Union’s performance is provided below.

Lending Test

The Credit Union’s net loan-to-share ratio for the previous nine quarters was 59.5 percent; this ratio is adequate, given the Credit Union’s size, financial condition, and the credit needs of its assessment area.

Lending activity within the Credit Union’s assessment area is considered good as 83.5 percent of its originations reportable under the Home Mortgage Disclosure Act (HMDA) were within its assessment area.

The Credit Union demonstrates a good level of lending to members of different income levels.

The geographic distribution of the Credit Union’s HMDA reportable loans reflects an adequate dispersion throughout the assessment area.

Fair lending policies and practices are considered reasonable. No weight was given to complaints, as none have been received by the Credit Union since the prior examination.

Community Development Test

The Credit Union's community development performance demonstrates a good responsiveness to the community development needs of its assessment area through its qualified donations and community development services.

SCOPE OF THE EXAMINATION

The Division conducted this evaluation using Intermediate Small Bank (ISB) procedures. This evaluation considered the Credit Union's lending and community development activities since the last CRA evaluation conducted as of May 26, 2009 through February 11, 2013. The data and applicable timeframes for the Lending Test and the Community Development Test are discussed below.

The Lending Test focused on home mortgage lending. Home mortgage lending data analyzed included full-year data from January 1, 2011 through December 31, 2012. Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Credit Union, pursuant to HMDA. The LARs contain data about home purchase and home improvement loans, including refinancing, of one- to four-family and multifamily properties (five or more units). The evaluation emphasized the Credit Union's home mortgage lending performance in 2011 as this is the most recent year for which aggregate lending data is available. The Credit Union's home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least a one home mortgage in the Credit Union's designated assessment area. The Credit Union's home mortgage lending performance was also compared with demographic data. Home mortgage lending data for 2012 is referenced in the narrative to illustrate trends in the Credit Union's lending data; however, the Credit Union's 2011 performance is weighed more heavily for purpose of assigning a rating.

The Community Development Test included an analysis of the Credit Union's qualified community development loans, investments, and services for the period of May 27, 2009 through February 11, 2013. Qualified community development grants and donations for the same time period were also included. Qualified equity investments currently held by the Credit Union were also included regardless of investment date. The investments were valued at the December 31, 2012 book value.

Demographic information is from the 2000 U.S. Census unless otherwise noted. Financial data was derived from the Statement of Financial Condition as of December 31, 2012. Lending data for 2011 is based on the 2000 U.S. census data and lending data for 2012 is based on the 2010 U.S. census data.

PERFORMANCE CONTEXT

Description of Institution

Sharon Credit Union is a state-chartered financial institution incorporated on April 26, 1956. The Credit Union is wholly co-operative, being organized solely for the promotion of thrift among its members by the accumulation of their savings in small amounts and the loaning of such accumulations to its members for provident purposes. According to the Credit Union's bylaws: "Membership in the Sharon Credit Union is limited to individuals living or employed in Norfolk, Suffolk, Middlesex, Plymouth, Barnstable and Bristol Counties, and the payroll deduction plan currently offered by the Credit Union or a payroll deduction plan within a 30 mile radius of the main office of the Credit Union." As of December 31, 2012 the Credit Union had 29,531 members.

The Credit Union's corporate office is located at 30 Pond Street, Sharon, Massachusetts. The Credit Union also operates five full-service branches located in Foxboro, Mansfield, North Attleboro, Sharon and Walpole. All but the Foxboro branch, which is located in a middle-income census tract, are located in upper-income census tracts. All branch locations have 24 hour Automated Teller Machines (ATMs). The Sharon and Mansfield branches both have a walk-up ATM and a drive-up ATM. Business hours are Monday, Tuesday, Wednesday 8:30 a.m. to 4:30 p.m., Thursday, Friday 8:30 a.m. to 7:00 p.m. and Saturday 8:30 a.m. to 1:00 p.m. Sharon Credit Union is a member of the SUM and FastBank surcharge free ATM networks. All seven of the Credit Union's ATMs are included in these programs.

The Credit Union was last examined for compliance with the CRA on May 26, 2009. The examination resulted in a CRA rating of Satisfactory. The Credit Union's assets have increased from \$336 million to \$454 million since the previous examination.

As of December 31, 2012, the Credit Union's asset size was \$453,800,275 with total loans of \$242,187,110 or 53.4 percent of total assets. The Credit Union's net loan-to-share ratio, as of the same date, was 60.3 percent. First mortgage real estate loans and lines of credit represent the largest portion of loans with 72.9 percent followed by other real estate loans with 12.9 percent, used vehicle loans with 8.2 percent and new vehicle loans with 4.6 percent.

Table 1 provides additional details regarding the Credit Union's loan portfolio:

Table 1 Sharon Credit Union Loan Portfolio Distribution		
Loan Type	Dollar Volume	Percentage of Total Loans
All Other Unsecured Loans/Lines of Credit	1,471,700	0.6
New Vehicle Loans	11,197,483	4.6
Used Vehicle Loans	19,908,674	8.2
Total 1 st Mortgage Real Estate Loans/Line of Credit	176,605,532	72.9
Total Other Real Estate Loans/Lines of Credit	31,309,872	12.9
Total All Other Loans/Lines of Credit	1,693,849	0.7
Total	242,187,110	*99.9
<i>Source: 5300 Report, Statement of Financial Condition as of December 31, 2012</i>		
<i>*Due to rounding up, total may not equal 100 percent</i>		

Sharon Credit Union is a full-service financial institution that offers a wide variety of products and services. Savings and checking accounts offered by the Credit Union include share accounts, direct savings account, certificates of deposit, IRA certificates, IRA share accounts, “smart saver” kids’ club account, teens “next generation” program, free checking, interest checking, and electronic checking. Home financing programs include adjustable and fixed rate options for the purchase, refinance, or home improvement loans, home equity loans and home equity lines of credit. The Credit Union also offers jumbo fixed and ARM mortgages for owner-occupied, single family and single unit condominiums, as well as a first time homebuyers program, a smart start mortgage program and an “on the house” refinance mortgage program. Consumer loans include: new and used automobile loans, vacation loans, recreational vehicle loans, personal unsecured loans and share-secured loans. Other services offered by the Credit Union include virtual item processing (VIP) deposit, free on-line teller and on-line bill payer with bill presentment, eStatements, mobile web and mobile app banking, bank at work program, direct deposit, and easy on-line applications and forms.

The Credit Union offers a variety of business banking products and services such as: checking, savings, money market and certificate share accounts, business debit card, VIP deposit, access to on-line teller and on-line bill-payer services, electronic federal tax payment system-(EFTPS) direct (ACH debit), payment processing solutions and credit union at work program. Member business loans include installment loans, mortgage loans, investment mortgage loans, home equity loans, home equity lines of credit, and commercial auto loans.

The Credit Union maintains a website at www.sharoncu.com. The website provides information about branch locations and hours, products and services, on-line services, and other financial services available to customers.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas (MSAs) for statistical reporting purposes by federal agencies. The Credit Union’s assessment area contains 17 cities and towns located in Bristol and Norfolk Counties. These include the cities and towns of: Attleboro, Easton, Mansfield, North Attleboro, and Norton, all located in Bristol County; and Canton, Dover, Foxboro, Medfield, Norfolk, Norwood, Plainville, Sharon, Stoughton, Walpole, Westwood and Wrentham all located in Norfolk County.

Refer to Table 2 for pertinent demographic information concerning the assessment area.

Table 2 Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	55			30.9	69.1
Population by Geography	325,594			27.4	72.6
Owner-Occupied Housing by Geography	88,259			25.1	74.9
Family Distribution by Income Level	85,876	10.5	12.9	20.5	56.1
Total Households	117,977	16.3	12.6	17.8	53.2
Median Family Income (MFI)		\$80,193	Median Housing Value Unemployment Rate (2000 US Census) 2011 Bureau of Labor Statistics		\$231,412
HUD Adjusted MFI Bristol County for 2011		\$74,500			3.7%
HUD Adjusted MFI Norfolk County for 2011		\$87,600			
Households Below Poverty Level		4.5%			7.3%
Families Below Poverty Level		2.3%			

Source: 2000 US Census Data, 2011 HUD updated MFI

As the data in Table 2 shows, the Credit Union's assessment area consists of 55 census tracts. Of those tracts, 17 or 30.9 percent are middle-income and 38 or 69.1 percent are upper-income. The assessment area contains no low- or moderate-income census tracts.

The assessment area has a total population of 325,594 residing in 85,876 family households. Of all family households in the area, 10.5 percent are low-income, 12.9 percent are moderate-income, 20.5 percent are middle-income, 56.1 percent are upper-income and 2.3 percent are families below the poverty level. A closer look at the households reveals of the 117,977 households, 19,242 or 16.3 percent are low-income; 14,910 or 12.6 percent are moderate-income; 5,245 or 4.5 percent are households that are below the poverty level and 1.4 percent of households receive some form of public assistance. Living below the poverty level typically indicates a reduced ability to qualify for a mortgage loan, thereby reducing a financial institution's ability to originate residential loan products to lower-income individuals.

The assessment area consists of 120,713 total housing units, of which 88,259 or 73.1 percent are owner-occupied, 29,620 or 24.5 percent are rental units and 2,834 or 2.4 percent are vacant units. The median housing value in 2000 for the assessment area was \$231,412, and the median age of the housing stock was 33 years. Like much of New England, the area's housing prices, until recently, saw dramatic increases in value since 2000. The average median sales price for housing has dropped significantly over the past few years. Recent figures from the Bankers and Tradesman show that the assessment area's median home prices in 2011 ranged from a low of \$223,250 in Attleboro to \$675,000 in Dover. Despite this recent price decline, home prices are still considered high and largely out-of-reach for many low- and moderate-income borrowers.

The unemployment rate statewide for Massachusetts is 7.3 percent according to the annual 2011 (not seasonally adjusted) statistics gathered from the Bureau of Labor Statistics. The unemployment rate for Bristol County for 2011 was 10.0 percent and Norfolk County was 6.2 percent. As of December 2011, the unemployment statistics for some of the towns in the assessment area per the Bureau of Labor Statistics were: Attleboro 9.3 percent, Easton 6.2 percent, Mansfield 6.5 percent (Bristol County); and Canton 6.2 percent, Foxboro 6.5 percent, Sharon 5.5 percent and Stoughton 6.8 percent (Norfolk County).

Community Contact

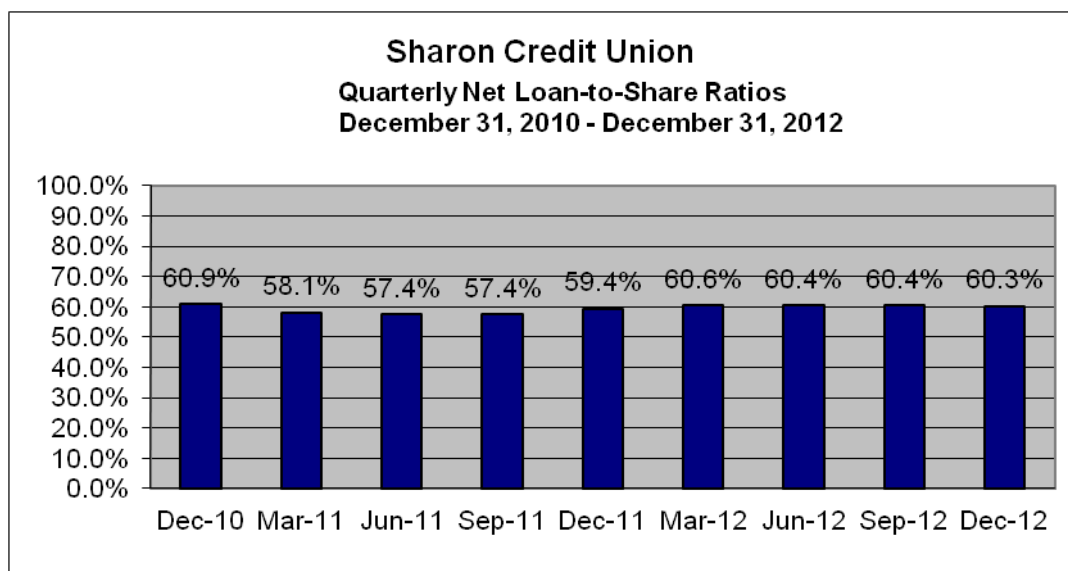
A community contact was conducted with a local planning board responsible for reviewing and deciding upon all subdivision, special permit and site plan review applications for all residential and non-residential uses. The contact stated they would like to see the downtown area grow for small businesses.

PERFORMANCE CRITERIA

LENDING TEST

1. LOAN-TO-SHARE (LTS) ANALYSIS

This performance criterion determines what percentage of the Credit Union's share base is reinvested in the form of loans and evaluates its appropriateness. A comparative analysis of Sharon Credit Union's quarterly net LTS ratios for the period of December 31, 2010, through December 31, 2012, was conducted during this examination. Using the Credit Union's quarterly Call Reports, the average net LTS ratio for this period was 59.5 percent. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares. The following graph is provided for further analysis.



As shown in the graph above, the Credit Union's net LTS ratio has fluctuated from a high of 60.9 percent in December 2010 to a low of 57.4 percent in June and September 2011. Net loans have increased 12.6 percent and shares have increased 13.7 percent during this time period.

For comparison purposes, the Credit Union's average net LTS ratio was compared against the average net LTS ratios of three similarly situated institutions (similar asset size and loan portfolio composition).

Table 3 Peer Group Net Loan-to-Share Comparison		
Credit Union Name	Total Assets as of 12/31/12	Average Net LTS Ratio 12/31/10 – 12/30/12
Bridgewater Credit Union	333,543,671	96.4
Crescent Credit Union	401,759,132	107.7
Quincy Credit Union	432,140,142	66.9
Sharon Credit Union	453,800,275	59.5

Source: NCUA 5300 Statement of Financial Condition as of December 31, 2012

As shown in Table 3, the other three institutions average quarterly net LTS ratios ranged between 66.9 percent and 107.7 percent. At 59.5 percent, the Credit Union is less than all of the other similarly situated institutions.

This performance is mitigated by the fact that during the examination period, the Credit Union sold 465 loans totaling \$110 million to the Federal Home Loan Bank of Boston. Selling loans allows an institution to maintain flexibility and have additional funds to service additional borrowers. However, selling loans has an adverse affect on the LTS ratio.

Based on the foregoing information, the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net LTS ratio is considered adequate.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion measures the percentage of the Credit Union's lending that benefits the assessment area's residents and evaluates the adequacy of such lending. The following table shows the distribution of the Credit Union's lending inside and outside of its assessment area.

Sharon Credit Union's 2011 LARs were reviewed to determine the amount of credit extended within the Credit Union's assessment area. During this period, the Credit Union originated 527 HMDA reportable loans totaling \$77 million. Of these loans, 440 or 83.5 percent were originated inside the Credit Union's assessment area totaling \$64 million or 83.9 percent.

Refer to the following table for additional information regarding the Credit Union's HMDA reportable lending, by both number and dollar volume.

Table 4 Distribution of HMDA Loans Inside and Outside of the Assessment Area										
Year	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2011	440	83.5	87	16.5	527	64,208	83.9	12,327	16.1	76,535

Source: 2011 HMDA LARS

As indicated in the table above, a substantial majority of the Credit Union's loans originated during the examination period were inside the Credit Union's assessment area.

In 2012, the Credit Union originated 587 loans totaling \$95 million of which 473 or 80.6 percent were originated by number and \$74 million or 78.0 percent by dollar amount were in the assessment area.

Based on the above information, the Credit Union's lending inside its assessment area is considered good.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The Credit Union's HMDA reportable loans were further analyzed to determine the distribution of lending by borrower income level, with emphasis on loans to low- and moderate-income borrowers. The borrowers' reported incomes for 2011 and 2012 were compared to the median family incomes for the Boston/Quincy MSA (Norfolk County) and the Providence/New Bedford MSA (Bristol County). The income figures are based on median family income derived from data collected during the census for the respective MSA. The income figures are adjusted annually by the Department of Housing and Urban Development to allow for factors such as inflation. The median family incomes for the Boston/Quincy MSA for 2011 and 2012 were \$87,600 and \$88,000, respectively. The median family incomes (MFI) for the Providence/New Bedford MSA for 2011 and 2012 were \$74,500 and \$75,600, respectively.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

Table 5 indicates loans originated and categorized by the applicants' reported income in relation to the median family income for the MSA in which the property is located. The following table also presents the Credit Union's HMDA reportable lending performance as well as the 2011 aggregate data (exclusive of Sharon Credit Union). The table also reflects the percentages of family households in each of the borrower income categories.

Table 5 Distribution of HMDA Loans by Borrower Income (Excludes Borrowers for which income is not available)					
MFI Level	% of Families	2011 Credit Union Data		2011 Aggregate Data	
		#	%	#	%
Low	10.5	16	3.7	425	2.6
Moderate	12.9	54	12.3	1,986	12.3
Middle	20.5	93	21.2	3,909	24.3
Upper	56.1	275	62.8	9,780	60.8
Total	100.0	438	100.0	16,100	100.0

Source: 2011 HMDA LARs, HMDA Aggregate for 2011 and 2000 US Census Data

The Credit Union's percentage of lending to low-income borrowers exceeded the aggregate's lending in 2011. The Credit Union originated 3.7 percent of its loans to low-income borrowers while the aggregate originated 2.6 percent. It is noted that lending to low-income borrowers was significantly lower than the percentage of low-income families (10.5 percent) in the area. However, for a significant portion of these low-income families qualifying for home mortgage loans is difficult, given the current economic environment. According to 2000 U.S. Census data, 4.5 percent of all households and 2.3 percent of all families in the assessment area are below the poverty level and would have difficulty in seeking home financing. In addition, home purchase prices in the area undoubtedly present an obstacle in achieving homeownership for many low-income families.

In 2011, the Credit Union originated 12.3 percent of total loans to moderate-income borrowers, which was consistent with the aggregate of 12.3 percent, but was slightly lower than the percentage of moderate-income families at 12.9 percent.

In 2012, the Credit Union's performance for the low-income borrowers increased to 4.3 percent, and moderate-income borrowers also increased to 14.7 percent.

The Credit Union's performance in lending to borrowers of different incomes, particularly to those of low- and moderate-income reflects a good performance.

4. GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Credit Union's loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts. As mentioned previously, under the Description of the Assessment Area section and based on the 2000 census data, the Credit Union's assessment area contains 55 census tracts of which there are no low- or moderate-income tracts, 17 are middle-income, and 38 are upper-income. Based on the 2010 census data, the Credit Union's assessment area increased from 55 to 65 census tracts of which there are no low-income tracts, 4 are moderate-income tracts, 22 are middle-income tracts, and 39 are upper-income census tracts.

Due to the lack of low- and moderate-income census tracts within the assessment area for the 2011 lending data, the Credit Union's performance pursuant to this criterion was considered to weigh little in the overall rating of this examination.

The following table illustrates the geographic distribution of the Credit Union's 2011 residential mortgage lending within the assessment area by number. For comparison purposes, the table includes the percentage of owner-occupied housing units within each income category and the aggregate market lending data for 2011.

Table 6					
Distribution of HMDA Loans by Census Tract Income Level					
Census Tract Income Level	% of Total Owner Occupied Housing Units	2011 Credit Union Data		2011 Aggregate Data	
		#	%	#	%
Middle	25.1	55	12.5	3,797	19.7
Upper	74.9	385	87.5	15,481	80.3
Total	100.0	440	100.0	19,278	100.0

Source: 2011 HMDA LARs, HMDA Aggregate for 2011 and 2000 U.S. Census Data

As shown in Table 6, the Credit Union's residential mortgage originations in 2011 indicated that 87.5 percent were originated in upper-income census tracts. The Credit Union's performance was higher than the aggregate data (80.3 percent) within the assessment area. In 2011, the upper-income census tracts accounted for the highest proportions of loans. The strong performance in the upper-income census tracts is not surprising considering these census tracts contain 74.9 percent of the area's owner-occupied housing units. The middle-income census tracts accounted for the remaining loan volume. In total, approximately 12.5 percent of the home lending was in middle-income census tracts.

Lending data for 2012 is based on the 2010 census data. The Credit Union's assessment area now includes four moderate-income census tracts in which the Credit Union originated 7 or 1.5 percent of loans in the moderate-income census tracts. Lending for 2012 was consistent with the 2011 lending, as the majority of loans were originated in the upper-income census tracts.

Based on the above information, the Credit Union's distribution of HMDA reportable loans by census tract income level reflects an adequate dispersion of loans throughout the assessment area.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICES AND PRACTICES

The Credit Union's Fair Lending Policy was reviewed to determine how this information relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. A review of the Credit Union's public comment file indicated the Credit Union received no complaints pertaining to the institution's CRA performance since the previous examination. The fair lending review was conducted in accordance with the Federal Financial Institutions Examination Council (FFIEC) Interagency Fair Lending Examination Procedures. Based on these procedures, no evidence of disparate treatment was noted.

Sharon Credit Union has a written Fair Lending Policy. Included in this policy are the Credit Union's efforts to eliminate discrimination in all aspects of lending. The Credit Union provides fair lending training to all employees and Board Members annually along with other applicable compliance training.

The Credit Union has seven employees who are bilingual to help non-English speaking customers of the Credit Union. Second languages include Chinese, French, German, Greek, Khmer (Cambodian), Portuguese and Taiwanese.

The Credit Union has a second look program that involves the review of applications, via the Second Look Mortgage Agenda, to confirm the appropriate procedures were followed and to determine whether or not compensation factors were applied fairly and consistently. Efforts are made to ascertain if the loan could be approved utilizing compensating factors or flexible underwriting standards and still ensure sound underwriting practices. The Review Committee consists of the President, the Chief Financial Officer and the Senior Lending Officer.

MINORITY APPLICATION FLOW

According to the 2000 U.S. Census Data, the Credit Union's assessment area contained a total population of 325,594 individuals, of which 8.0 percent are minorities. The assessment area's minority and ethnic population is 0.1 percent Native American, 2.4 percent Asian, 2.0 percent African American, 1.9 percent Hispanic or Latino, 0.0 percent Hawaiian/Pacific Islander and 1.6 percent other.

For 2011 and 2012, the Credit Union received 1,139 HMDA reportable loan applications from within its assessment area. Of these applications, 47 or 4.1 percent were received from minority applicants, of which 31 or 66.0 percent resulted in originations. For the same time period, the

Credit Union also received 8 applications or 0.7 percent from ethnic groups of Hispanic origin within its assessment area, of which 4 or 50.0 percent were originated.

The Credit Union's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2011. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Credit Union received from minority residential loan applicants. Refer to Table 7 for information on the Credit Union's minority application flow as well as the aggregate lenders (excluding the Credit Union) in the Credit Union's assessment area.

Table 7 MINORITY APPLICATION FLOW								
RACE	Credit Union 2011		2011 Aggregate Data		Credit Union 2012		Credit Union Total	
	#	%	#	%	#	%	#	%
American Indian/ Alaska Native	0	0.0	30	0.1	1	0.2	1	0.1
Asian	7	1.3	1,091	4.3	10	1.7	17	1.5
Black/ African American	8	1.5	344	1.4	4	0.7	12	1.1
Hawaiian/Pac Isl.	0	0.0	10	0.0	0	0.0	0	0.0
2 or more Minority	0	0.0	8	0.0	0	0.0	0	0.0
Joint Race (White/Minority)	11	2.0	257	1.0	6	1.0	17	1.5
Total Minority	26	4.8	1,740	6.9	21	3.5	47	4.1
White	495	90.5	16,969	67.5	538	90.9	1,033	90.7
Race Not Available	26	4.7	6,438	25.6	33	5.6	59	5.2
Total	547	100.0	25,147	100.0	592	100.0	1,139	100.0
ETHNICITY								
Hispanic or Latino	3	0.6	208	0.8	0	0.0	3	0.3
Not Hispanic or Latino	509	93.0	18,376	73.1	540	91.2	1,049	92.1
Joint (Hisp/Lat /Not Hisp/Lat)	1	0.2	135	0.5	4	0.7	5	0.4
Ethnicity Not Available	34	6.2	6,428	25.6	48	8.0	82	7.2
Total	547	100.0	25,147	100.0	592	100.0	1,139	100.0

Source: 2011 and 2012 HMDA/ LAR, 2011 HMDA Aggregate Data

The Credit Union's performance was lower than the 2011 aggregate's performance level for both minority and ethnicity applicants. The Credit Union received 4.8 percent for minorities while the aggregate was 6.9 percent. The Credit Union received 0.8 percent for ethnicity applications while the aggregate received 1.3 percent for ethnic minorities.

The Credit Union's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is adequate.

COMMUNITY DEVELOPMENT TEST

Sharon Credit Union's community development performance demonstrates a good responsiveness to the community development needs of its assessment area. The Credit Union has met these community development needs through the provision of community development loans, qualified donations and community development services. For purposes of this examination, the period used for the Community Development Test was from May 27, 2009 through February 11, 2013.

Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Credit Union for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the Credit Union's assessment area or a broader statewide or regional area that includes the Credit Union's assessment area.

The following describes the community development loan the Credit Union originated during the evaluation period:

On November 9, 2009, the Credit Union, along with two other financial institutions, participated in a \$120,000 loan to finance renovations to a building that will be used as the regional office facility for the Tri-town Chamber of Commerce, (Foxboro, Mansfield and Norton). The Tri-Town Chamber of Commerce is a private, non-profit corporation whose mission is to bring business people together to improve the economic well-being of their organizations and thereby improve the quality of life in communities.

Qualified Investments

A qualified investment for the purposes of this CRA evaluation is a lawful share, donation or grant that has community development as its primary purpose.

During the examination period, Sharon Credit Union made a total of \$144,632 in charitable donations, of which \$17,087 or 11.8 percent went to organizations that promote education, youth programs, health and human services for individuals in need. The following are examples of organizations that have received benefit from the Credit Union's efforts.

Children's Advocacy Center - The mission of this organization is to provide services to children and families who have experienced physical, sexual, and domestic abuse. The Center develops resources and coordinates direct care to these children and families through a multi-disciplinary approach. The Center also responds to the needs of the community by facilitating education, training, outreach, networking and advocacy programs.

The Rodman Ride for Kids raises funds for youth-focused social service agencies that support at risk kids. Programs supported by the Ride help infants, children, adolescents and teens. They help stop the cycle of homelessness and help kids in the community by giving them opportunities to succeed, thrive and become impactful citizens in the community.

Adopt-A-Family – Adopt-A-Family assists in providing families not only with toys and winter wardrobes at Christmas, but helps with electric bills, gas bills, auto insurance payments and medical expenses.

Project Piggy Toes and Underclothes – This project was organized by the Credit Union's Senior Retail Officer. Monetary donations are used to purchase new socks and underwear to individuals and families that are struggling to stay warm during the winter months. Items are donated through several local agencies, including veteran's housing, food pantries and homeless shelters.

Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical services or assistance.

The Credit Union's staff has demonstrated its commitment to the assessment area by volunteering their time and financial expertise to numerous community-oriented organizations and programs that provide community based services. The following are a few examples of the Credit Union's participation with various organizations which have benefited the community.

Norfolk Children's Advocacy Center - The mission of this organization is to provide services to children and families who have experienced physical, sexual, and domestic abuse. The Credit Union's President serves as the Treasurer.

Credit for Life Fair – The goals of the fair are to help students understand the importance of credit, teach them the ability to budget money, provide an introduction to managing money, to demonstrate skills to be financially prudent and to understand the impact of spending decisions. Several Branch Managers are volunteers and counselors.

HESSCO Elder Services – This organization's free programs primarily assist low-income individuals aged 60 or over who have difficulty paying their bills on time or managing their money and have no family or friends to help them. Each volunteer undergoes intensive training and is monitored and supervised. A Branch Manager is a Board Member and several Branch Managers are volunteers.

National Endowment for Financial Education High School Financial Planning Program – This financial literacy program focuses on basic personal financial skills that are relevant to the lives of pre-teens, teens and young adults. A Member Service Representative is a trainer for this program.

Exchange City – The mission of this organization is to provide hands-on learning opportunities that educate and inspire youth for real world success by providing financial literacy, economics, a basic understanding of government and workforce skills. Subjects taught are creating budgets and business plans, balancing a checkbook and writing checks, using economic theories as they run their businesses including producing, pricing and selling items and career exploration. A Branch Manager is an instructor.

The Salvation Army - This organization assists millions of homeless, working poor, children, youth, addicted, elderly and abused families and individuals. A Branch Manager is a member of the fund raising committee.

Educational Seminars and Services

In 2012, the Credit Union formed a Financial Literacy Committee with a goal of creating a curriculum that can be used in multiple venues (schools, seminars, etc.), geared specifically to address the needs of youths based on age groups: 0-9, 10-12 and 13-18. The Committee has hosted meetings with employees who have children under the age of 10 to gather information regarding the financial educational needs of their children. The Committee has also entered into

an agreement with Banzai, a financial literacy program for high school students which is being offered free to schools and teachers in the community. The Credit Union has sponsored eight schools representing over 560 students. Topics include: the importance of good credit, credit card responsibility, what are the consequences of not making a payment by the due date, practical money skills, how to use an ATM card, how to avoid paying ATM fees, balancing a checkbook and how to read a bank statement.

In 2012, the Credit Union sponsored a “Protecting Elders from Fraud and Exploitation” seminar. Topics included: last will and embezzlement, internet fraud, identity theft and elder financial exploitation.

Annually, the Credit Union sponsors free homebuyer seminars. Attendees hear from a panel of experts including a real estate attorney, a home inspector, an appraiser, a credit bureau representative, a realtor, and a Credit Union representative. A coupon for \$500 off closing costs for future mortgage loans was given to each guest household. During the examination period, the Credit Union originated four loans totaling \$1.2 million.

During the examination period, the Credit Union participated in four “Credit for Life Fairs.” This event benefits 300+ students from four local high schools. The fair allows students to role play as adults trying to manage a budget. Each student is given a personalized profile that reflects the income and debt profile of an entry level professional in a career the student is interest in pursuing. The objective of the fair is for students to develop a budget and pay their living expenses. The fair reinforces the need for financial awareness and stability and helps the students prepare to make future spending decisions wisely.

The Credit Union created the “Smart Start Financial Education Program” and will send an instructor at no cost to schools and organizations to implement a financial program that is structured and customized to meet their needs. The Program can be tailored to assist with a teacher’s curriculum or a complete program can be offered as well. The Program is a customized set of essential personal finance courses consisting of several basic financial topics, including: savings and checking, budgeting, credit cards 101, credit reports, and basic lending.

In 2010, the Credit Union hosted a group of students from one of the local vocational technical high schools for a tour of its corporate office and a glimpse into the inner workings of the Credit Union. The students were part of a business and marketing class and participants in the Credit Union’s Smart Start Financial Education Program. The students were introduced to each department to learn the various functions involved in running a credit union.

The Credit Union offers the “Smart Saver” program which is available to all students. This program introduces the concept of money management and stresses the importance of developing early savings habits. The younger student’s education is focused primarily on the importance of saving. The older students get a more in-depth study of everyday basic financial issues which include balancing a checkbook and using credit cards responsibly. The Credit Union visits elementary and high schools once a month for a banking day to encourage saving habits and to answer all questions regarding the basics of banking.

Another program the Credit Union offers is the “Teen’s Next Generation Program” tailored to ages 13 to 18. This consists of several age appropriate products and a financial educational program that teaches the basic life skills of money management and personal finances. Topics

include: budgeting, credit cards, basic lending, learn about debt and, with proper management, students will make better financial choices.

Other Services

First Time Homebuyer Mortgage Program

This program is designed to help first time homebuyers and those who have not owned property for three years. The program currently follows the standard mortgage underwriting guidelines and is available only on fixed rate mortgage programs. To assist the homebuyer there is a reduction in closing costs. During the examination period, the Credit Union originated 47 loans totaling \$10 million.

MassHousing Mortgage Programs

In 2011, the Credit Union began offering MassHousing loans to qualified low- and moderate-income eligible homebuyers and homeowners who meet income guidelines. Borrowers can take advantage of 30 year, fixed rate financing for the purchase or refinance of condominiums or one-to-four family properties. Borrowers may finance up to 97 percent of the sales price or the appraised value, whichever is less, subject to property restrictions. Loans with down payments of less than 20 percent are insured by MassHousing's Mortgage Insurance Fund. This program is not just for first time homebuyers. Borrowers participating in this program benefit from flexible underwriting, affordable mortgage insurance rates and low down payments. During the examination period, the Credit Union originated one loan.

IOLTA Accounts

Sharon Credit Union participates in the Interest on Lawyers' Trust Accounts (IOLTA). Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients. The Credit Union contributed \$1,972.59 in interest for the period of May 27, 2009 through February 11, 2013.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 42 Pond Street, Sharon, MA 02067."
- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing.

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.